



Dave Yost • Auditor of State

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

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Dave Yost • Auditor of State

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

April 20, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the accompanying financial statements of Roundhead Township, Hardin County, (the Township) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Roundhead Township, Hardin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 20, 2011

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$36,133	\$9,845		\$45,978
Charges for Services		4,000		4,000
Licenses, Permits, and Fees		1,200		1,200
Fines and Forfeitures		244		244
Intergovernmental	19,657	101,920	\$18,900	140,477
Earnings on Investments	1,842	1,273		3,115
Miscellaneous	2,663	1,000		3,663
Total Cash Receipts	<u>60,295</u>	<u>119,482</u>	<u>18,900</u>	<u>198,677</u>
Cash Disbursements:				
Current:				
General Government	40,162			40,162
Public Safety	218	6,100		6,318
Public Works	3,424	92,410		95,834
Health	11,558			11,558
Other	28	19		47
Capital Outlay	44	700	18,900	19,644
Intergovernmental	6,250			6,250
Debt Service:				
Redemption of Principal		6,952		6,952
Interest and Other Fiscal Charges		2,409		2,409
Total Cash Disbursements	<u>61,684</u>	<u>108,590</u>	<u>18,900</u>	<u>189,174</u>
Total Receipts Over/(Under) Disbursements	<u>(1,389)</u>	<u>10,892</u>		<u>9,503</u>
Fund Cash Balances, January 1	<u>163,069</u>	<u>176,209</u>		<u>339,278</u>
Fund Cash Balances, December 31	<u>\$161,680</u>	<u>\$187,101</u>	<u>\$0</u>	<u>\$348,781</u>

The notes to the financial statements are an integral part of this statement.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$34,038	\$9,583	\$43,621
Charges for Services		4,000	4,000
Licenses, Permits, and Fees		1,200	1,200
Intergovernmental	21,341	99,260	120,601
Earnings on Investments	2,396	1,370	3,766
Miscellaneous	2,403	695	3,098
Total Cash Receipts	<u>60,178</u>	<u>116,108</u>	<u>176,286</u>
Cash Disbursements:			
Current:			
General Government	41,889		41,889
Public Safety	1,873	8,141	10,014
Public Works	3,095	86,060	89,155
Health	9,834		9,834
Other		18	18
Capital Outlay	765	2,626	3,391
Intergovernmental	6,250		6,250
Debt Service:			
Redemption of Principal		6,775	6,775
Interest and Other Fiscal Charges		2,586	2,586
Total Cash Disbursements	<u>63,706</u>	<u>106,206</u>	<u>169,912</u>
Total Receipts Over/(Under) Disbursements	<u>(3,528)</u>	<u>9,902</u>	<u>6,374</u>
Fund Cash Balances, January 1	<u>166,597</u>	<u>166,307</u>	<u>332,904</u>
Fund Cash Balances, December 31	<u><u>163,069</u></u>	<u><u>176,209</u></u>	<u><u>339,278</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,000</u></u>	<u><u>\$0</u></u>	<u><u>2,000</u></u>

The notes to the financial statements are an integral part of this statement.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Roundhead Township, Hardin County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance, cemetery maintenance, and fire protection services. The Township contracts with Upper Scioto Valley Ambulance District, to provide ambulance services.

The Township participates in two jointly governed organizations, a joint venture and a public entity risk pool. Notes 7, 8, and 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Upper Scioto Valley Ambulance District provides emergency medical services within the District.

Hardin County Regional Planning Commission – The Commission makes studies, maps, plans, recommendations and report concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County.

Joint Venture:

The McDonald-Roundhead Joint Recreational District (JRD) is a joint park district operated with McDonald Township.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAR Ohio is recorded at share values the mutual fund reports.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Public Works Fund - The fund accounts for Issue II money spent on behalf of the Township for maintaining and repairing Township roads.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2010	2009
Demand deposits	\$ 80,171	\$ 29,585
Certificates of deposit	129,974	130,120
Other time deposits (savings and NOW accounts)	138,636	137,158
Total deposits	348,781	296,863
STAR Ohio		42,415
Total investments		42,415
Total deposits and investments	\$348,781	\$339,278

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,311	\$ 60,295	\$ 6,984
Special Revenue	95,977	119,482	23,505
Capital Projects	18,900	18,900	
Total	\$168,188	\$198,677	\$30,489

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$200,117	\$ 61,684	\$138,433
Special Revenue	226,503	108,590	117,913
Capital Projects	18,900	18,900	
Total	\$445,520	\$189,174	\$256,346

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,801	\$ 60,178	\$8,377
Special Revenue	96,038	116,108	20,070
Total	\$147,839	\$176,286	\$28,447

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$203,670	\$ 65,706	\$137,964
Special Revenue	231,862	106,206	125,656
Total	\$435,532	\$171,912	\$263,620

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Truck	\$39,055	5.25%

On June 4, 2007, the Township entered into a promissory note to purchase a fire truck. This note matures on April 30, 2015. Interest and principal payment is due annually to Liberty National Bank.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Promissory Note
2011	\$ 9,361
2012	9,361
2013	9,361
2014	9,361
2015	9,361
Total	\$46,805

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

7. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. RISK MANAGEMENT (Continued)

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$9,399	\$7,867

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. JOINT VENTURES

The Township is a member of the McDonald-Roundhead Joint Recreational District (JRD) which was established during 2001. The JRD is operated by a five member Board consisting of representatives from both McDonald Township and Roundhead Township. The Trustees of each township select the JRD Board, whose members have staggered terms to allow the JRD Board to consist of three members representing McDonald Township in one year, and three members representing Roundhead Township the following year. During the initial year, the McDonald Township trustees appointed three members (one 3 year term, one 2 year term, and one 1 year term) and two members (one 3 year term and one 2 year term) were appointed by the Roundhead Township trustees. The two townships budget and fund the McDonald-Roundhead JRD in shares proportionate to the tax valuation of each township, in such amounts as the Township trustees mutually agree upon. Financial information can be obtained from Helen Lautenschlager, Fiscal Officer, 15494 State Route 235 Belle Center, OH 43310

9. JOINTLY GOVERNED ORGANIZATIONS

The Upper Scioto Valley Ambulance District – is a jointly governed entity governed by a five-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Marion Township, McDonald Township, Roundhead Township, the Village of Alger, and the Village of McGuffey, in Hardin County. The District provides ambulance services within the District. Financial information can be obtained from Brenda Roy, Clerk, P. O. Box 105 McGuffey, Ohio 45859

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Hardin County Regional Planning Commission – (the Commission) is a jointly governed entity between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Roundhead Township
Hardin County
P.O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the financial statements of Roundhead Township, Hardin County, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 20, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of finding we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01, 2010-03, and 2010-04 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items: 2010-02 through 2010-05.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 20, 2011.

The Township's response to finding 2010-05 identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

April 20, 2011

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Weakness

Accuracy of Financial Reporting and Bank-to-Book Reconciliations

To help provide meaningful information to the users of the Township's financial statements; supporting ledgers; and bank-to-book reconciliations; procedures and controls should be in place to help prevent and detect errors. The Township's 2010 accounting records and financial statements had receipt classification errors of \$2,828 in the General Fund and \$2,140 in the Fire District Fund. In addition, the 2010 accounting records and financial statements had disbursement classification errors of \$6,250 in the General Fund and \$9,361 in the Fire District Fund. The Township's 2009 accounting records and financial statements had receipt classification errors of \$18,381 in the General Fund and \$2,044 in the Fire District Fund. In addition, the 2009 accounting records and financial statements had disbursement classification errors of \$6,250 in the General Fund and \$9,361 in the Fire District Fund. The classification errors consisted of the recording of interest receipts as licenses, permits, and fees instead of earnings on investments; the recording of CAT tax receipts, homestead and rollback receipts, and local government revenue receipts as fines and forfeitures and property tax receipt instead of intergovernmental receipts; and the recording of interest and principal payments as capital outlay.

In 2010 the Township recorded \$544 of interest receipts in the General Fund of which \$52 belonged to the Motor Vehicle License Tax Fund and \$492 belonged to the Gasoline Tax Fund. In addition, \$292 of interest receipts were recorded in the General Fund and \$91 in the Cemetery Bequest Fund that were not earned by these funds. In 2009 the Township failed to record \$1,417 of interest receipts in the General Fund and \$765 in the Gasoline Tax Fund and recorded \$7 of interest receipts in the Motor Vehicle License Tax Fund that belonged to other funds.

During 2010 the financial statements presented \$150 more in interest receipts in the General Fund than what was recorded in the supporting ledgers; failed to record \$797 in miscellaneous receipts in the General Fund; failed to record \$352 in disbursements in the General Fund; recorded Issue II receipts and disbursements of \$17,021 in the Gasoline Tax Fund instead of a Capital Projects Fund; and failed to record \$158 of interest receipts in the Gasoline Tax Fund compared to supporting ledgers. During 2009 the financial statements failed to present \$341 of disbursements in the General Fund. In addition, the December 31, 2010 and 2009 bank-to-book reconciliations included errors in the reported deposit balances and outstanding check lists. As a result the Township's 2010 and 2009 financial statements required an adjustment to reconcile the bank balance to the book balance in the amount of \$28 and \$230, respectively.

Errors in the financial statements, supporting ledgers, and bank-to-book reconciliations, inhibit the ability of both the Township Fiscal Officer and the Trustee to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner. The Township's accounting records and the accompanying financial statements have been adjusted to reflect the correct December 31, 2010 fund balance and to report financial activity in the correct line items.

FINDING NUMBER 2010-01 (Continued)

The Township Fiscal Officer should review the Ohio Township Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and disbursements. Prior to filing and making available for public inspection the Township's annual financial statements, the Fiscal Officer should reconcile the manual receipt and disbursement ledgers by line item to the annual financial statements to help detect errors. Bank reconciliations should be reviewed for accuracy prior to being presented for review to the Trustees. Periodically the Trustees should perform a review of the receipt and disbursement ledgers, along with the monthly bank-to-book reconciliations to help identify errors and/or irregularities.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-02

Finding for Recovery / Repaid during Audit

Based on the annual salary for the Fiscal Officer, the net pay each month during 2010 and 2009 was \$824. During 2010 the Fiscal Officer paid herself a net pay of \$862 six times. During 2009 the Fiscal Officer paid herself a net pay of \$862 eight times and then paid herself a net pay of \$861 one time. As a result, the Fiscal Officer received total overpayments in the amount of \$569 calculated as follows: $(\$862 - \$824 = \$38; \$38 * 14 = \$532)$ $(\$861 - \$824 = \$37)$ $(\$532 + \$37 = \$569)$

In accordance with the foregoing facts and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sally Newfer, Fiscal Officer, in the amount of \$569 and in favor of the Roundhead Township's General Fund.

On November 2 and November 3, 2010, this finding for recovery was repaid by Sally Newfer with check #2815 in the amount of \$341 and check #2816 in the amount of \$228, respectively.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-03

Material Weakness / Noncompliance Citation

Ohio Rev. Code Section 5705.09(F) requires that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

In 2010, the Township failed to establish the required fund in its accounting records and financial statements to account for the memo entries for the receipt and disbursement of Issue II money. The accompanying financial statements have been adjusted to reflect receipt and disbursement of this money. Since this was memo activity and receipts equaled disbursements it was not necessary to adjust the Township's accounting records.

The failure to record this activity prevents the users of the financial statements from seeing the financial benefit received by the Township.

The Township should review Auditor of State Bulletin 2002-004 for guidance in the recording of Issue II money. Procedures should then be implemented by the Township to provide for the recording of this activity in the accounting records and financial statements.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-04

Material Weakness / Noncompliance Citation

Ohio Rev. Code, Section 5705.10 (D), requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. During 2010, the Township recorded a gasoline tax receipt in the amount of \$4,910 in the Motor Vehicle License Tax Fund instead of the Gasoline Tax Fund. The accounting records and accompanying financial statements have been adjusted to reflect this receipt in the correct fund.

The Fiscal Officer and Trustees should periodically review the accounting ledgers to help identify recording errors. This will allow for the correction of the errors in a timely manner, reduce the potential for illegal use of funds, and give a more accurate presentation of the activity within each fund.

OFFICIALS' RESPONSE: We did not receive a response from Officials to this finding.

FINDING NUMBER 2010-05

Noncompliance Citation

26 CFR 31.3101-2(c) requires the computation of the employee tax by applying to the wages received by the employee the rate in effect at the time such wages are received (1.45%). **26 CFR 31.3111-2(c)** requires the computation of the employer tax by applying to the wages paid by the employer the rate in effect at the time such wages are paid (1.45%).

In 2010, The Fiscal Officer made payments of \$4,827 to the Internal Revenue Service (IRS) for 2010 Federal and Medicare taxes. However the amount owed was \$4,517. This resulted in an overpayment in the amount of \$310.

The Fiscal Officer and Trustees should consult with the IRS regarding how to obtain a credit or refund for the overpayment of 2010 Federal and Medicare taxes. In addition, the Fiscal Officer and Trustees should review Form 941s and the supporting payroll records to help identify errors prior to the payment of employee and employer contributions.

OFFICIALS' RESPONSE: The Fiscal Officer has contacted the Federal Government and asked for a refund.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Procedures for Preparing Bank-to-Book Reconciliation and Financial Reporting	No	Repeated as Finding 2010-01
2008-002	Fund Classifications	Yes	
2008-003	Ohio Rev. Code Section 5705.09(F)	No	Repeated as Finding 2010-03
2008-004	26 CFR 31.3101-2(c) - overpayment of Federal and Medicare taxes	No	Repeated as Finding 2010-05



Dave Yost • Auditor of State

ROUNDHEAD TOWNSHIP

HARDIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 2, 2011**